from 4,000 gallons to 3,000 gallons in Bangalore City ?

Mr. C. SUBRAHMANYA AIYAR.—The member is already aware of the reasons.

Mr. B. L. BYANNA.—Are the Government not aware that the Bangalore City Municipality pays for every gallon of water supplied to it ?

Mr. C. SUBRAHMANYA AIYAR.—Whatever it pays is paid in accordance with the agreement entered into between the Municipality and the Government.

Mr. B. L. BYANNA.—What is the cost price for every 1,000 gallons of water?

Mr. C. SUBRAHMANYA AIYAR.—Notice.

Mr. B. L. BYANNA.—Was it fair for the Government to have ordered the reduction of the free supply to 3,000 gallons?

The FIRST MEMBER (Rajamantrapravina N. Madhava Rau).—The case of the water supply to Bangalore City is quite different. The present question relates to water supply to Gold Fields.

Mr. B. L. BYANNA.—I only wish to urge that the Government should take a favourable view of the matter. As regards Mysore City Municipality, is it not a fact that the free allowance is 5,000 gallons even now and not 3 000 as stated in the answer?

Mr. C. SUBRAHMANYA AIYAR.—It has been ordered that it should be reduced to 3,000 gallons there also.

Mr. Rayara KEMPANNA.—Why is it that in the Kolar Gold Field area, 15 annas is charged for 1,000 gallons of water as against 12 annas in Mysore City ?

Mr. N. MADHAVA RAU.—The cost of pumping, power expenses, etc , have all been taken into consideration in fixing the rates.

Mr. RANGIAH.—By waiving the royalty, will not the Board be inducing more and more of private people to go in for house connections ?

Mr. C. SUBRAHMANYA AIYAR.—One cannot be so sure about that. People who want the connection, will pay Rs. 50 for it.

Mr. RANGIAH.—According as the number of house connections increases, the quantity of water drawn from the public taps becomes less. So, why not private people be induced to go in for installations by doing away with the royalty ?

Mr. C. SUBRAHMANYA AIYAR.—On the other hand, the total consumption of water will be more, and it is difficult to say if the Sanitary Board will be able to meet the demand.

Mr. MADDIAH.—Why not show to the people of the Sanitary Board area at least the same concession of free allowance as in the Cities of Bangalore and Mysore ?

Mr. C. SUBRAHMANYA AIYAR.—Government supply water to the Sanitary Board which sells it to the consumers. The income goes to the Sanitary Board. If the Sanitary Board passes a resolution in favour of free supply of water, Government may be willing to consider it.

GOVERNMENT BUSINESS—BILLS.

I. General Principles of the Bill for the Registration of Foreigners.

The SECRETARY to GOVERNMENT, LAW DEPARTMENT (Mr. C. Subrahmanya Aiyar) explained the general principles of the bill as follows :—

For the possession at all times of complete information as to the number and whereabouts of foreigners in India, it was found by the Government of India that the existing provisions of law were inadequate. Such information was considered necessary for the purposes of national defence as well as for replying to enquiries regarding such foreigners received from time to time from their relatives. The Registration of Foreigners Act was, accordingly, passed early this year.

It was further considered desirable that, in order that complete information might be available in regard to all foreigners wherever present or resident in India, Indian States should also apply to the State Territory, Acts similar to the British Indian measure.

As the matter was urgent, an emergency Act was passed in June. This Act expires in December 1939, and it is

considered desirable to have a permanent measure on the Statute Book.

The bill is a short one, its provisions being confined to the creation of the legal machinery necessary for maintaining a register of foreigners who are at any time present in Mysore and keeping that register up to date.

Mr. B. L. BYANNA supported the measure.

Mr. Rayara KEMPANNA enquired whether non-Mysoreans were considered as "foreigners" for purposes of this Act.

Mr. C. SUBRAHMANYA AIYAR replied that according to Section 2 of the Act, British and British Indian subjects were not foreigners but that all others were.

Mr. C. V. RAMAN enquired under what category the foreigners who had acquired citizenship would come.

Mr. C. SUBRAHMANYA AIYAR stated that if they were naturalised, they would cease to be foreigners.

To a further enquiry from Mr. C. V. Raman as to whether there was any time limit for acquiring citizenship in the case of a foreigner, **Mr. SUBRAHMANYA AIYAR** replied that there was no Naturalisation Act in force in the State, but in the Acts in force in British India a time limit of five years had been fixed.

Mr. J. ASWATHANARAYANA RAO thought that a separate establishment would be necessary for registering foreigners, and asked what it would cost.

Mr. SUBRAHMANYA AIYAR replied that as there were only about 300 to 400 foreigners in the State, no special establishment was necessary to register them.

The general principles of the measure were put to vote and passed unanimously.

II. General Principles of the Bill further to amend the Mysore District Boards Act, 1926.

The SECRETARY to GOVERNMENT, LAW DEPARTMENT (Mr. C. Subrahmanya Aiyar) explained the general principles of the bill as follows:—

Section 68 (4) of the Mysore District Boards Act, 1926, as it stands at present permits the utilisation of the Railway Cess funds for the construction of new roads and bridges or for improvement works to existing roads and bridges, but not for ordinary repairs of roads.

The District Boards of Kolar, Tumkur, Chitaldrug and Kadur have been permitted to utilise the Railway Cess funds for the opening of new roads with the result that a large number of new roads have been constructed by them. It is represented that their normal funds are not sufficient to meet the annual maintenance charges of these roads and that permission may be accorded to utilise the Railway Cess funds for the annual repairs of roads also and that the District Boards Act may be suitably amended to secure this object It is, therefore, proposed to amend Section 68 (4) of the Act suitably.

The financial condition of most of the district boards is not satisfactory and the Committee appointed by Government to examine their finances has recommended that some of the district boards should levy a special cess under Section 69 of the Mysore District Boards Act. As the district boards are not agreeable to impose the levy and there is no other source by which they can improve their finance, it is proposed that Government should take power to require them to impose the levy by including in the District Boards Act a section similar to Section 86 of the Mysore City Municipalities Act.

The proposed bill secures both these objects.

Mr. H. KRISHNAMURTHY ACHAR asked whether the special power which the Government were going to take would be exercised to compel district boards to levy the special cess only in cases where no railway cess was being levied or in all cases.

The PRESIDENT stated that the special cess would have to be levied in all cases.

Mr. M. SUBBIAH had no objection to Section 68 (4) being amended to permit of the utilisation of Railway Cess funds for annual repairs to roads. As regards the amendment to Section 69,

however, he feared that it would be far-reaching in its consequences. What was proposed in the amendment was, by introducing a section similar to Section 86 of the Mysore City Municipalities Act, to override the decision of the district boards and in a way to compel them to levy a special cess much against their will. The members of the district boards were being elected by people in the district and they were in direct touch with the electors whose affairs they were expected to administer. When such elected representatives had resolved that the special cess should not be levied, the speaker wondered how the Government could force the district boards to levy it. And supposing the special cess was levied, the burden would fall on the poor raiyats. They were already paying the local cess, education cess, railway cess and other cesses. Over and above all these, if they should be forced to pay yet another cess, their position would become intolerable. So, even if the district boards themselves had taken the initiative and resolved upon levying the special cess, Government should have refused their consent to it. At any rate, the best thing for the Government to do would be to leave the matter to the district boards themselves to decide. Only at the previous session of the Assembly, the Dewan had been pleased to say that the raiyat could bear no more taxation. In the face of that statement and so soon after it was made, it was surprising that the Government were seeking to take power to force the district boards to levy a special cess. For these reasons, he was not in favour of the amendment of Section 69 as proposed.

Mr. L. VEMA REDDY said that even as matters stood, the raiyats were repeatedly representing that the land revenue was high and should be reduced. As a result of these representations, Government had appointed a Committee to examine the question. That Committee, as also many others, was unanimously of opinion that the raiyat stood in need of urgent relief, more especially in the Kolar District. At such a time, there would be no justification in the Government taking power to compel district boards to levy an additional cess. He would appeal to the Government not to expose themselves to blame by taking and exercising such power, but leave the matter to be decided by the district boards themselves.

The SECOND MEMBER (Mr. K. V. Anantaraman) observed that the financial condition of the district boards was such that they were not in a position even to pay salaries to their establishments and that that was why Government had to take action to improve matters.

Mr. L. VEMA REDDY said that if the district boards were so impoverished, they might as well be abolished altogether.

MANY MEMBERS expressed themselves in opposition to this proposal.

Continuing **Mr. L. VEMA REDDY** said that if the district boards should continue to function, they should be directed to suitably readjust their income and expenditure. But in either case, he felt that there would be no justification in burdening the raiyat with fresh taxes. District boards, like Municipalities and other bodies including the Government, existed for the good of the raiyat and not to crush him.

Mr. Y. V. MUNISWAMI IYER doubted whether the Government had consulted any of the district boards in making the proposals under discussion. If they had not, but made the proposals on their own initiative, the speaker felt that the boards might well be abolished and their management entrusted to the Deputy Commissioners as originally.

Mr. B. L. BYANNA said that at a time when non-officials were anxious to shoulder greater responsibilities, one would hardly expect any right-thinking member to suggest the re-transfer of district board administration to the Deputy Commissioners. It was only a few years since the privilege of electing their own non-official Presidents was extended to the district boards and it was not yet time for all the non-officials to give tangible evidence of their capacity or even to prove to the world at large that they were worthy of the

trust and confidence reposed in them. They were trying to do their best and enhance the reputation of the State. It could hardly be a sound proposition, at such a time, to suggest that all district boards should be abolished and their administration vested in the Deputy Commissioners. As regards levying a special cess, the member reminded the House that the District Board Finance Committee which was appointed by the Government and which included members from some of the district boards, had recommended the amendment of Section 69 with a view to imposing a special cess, as a means of augmenting the resources of the district boards. It was a fact that most of the district boards were not well off and were not in a position to discharge all their obligations and optional duties. The position was so bad that, only at the previous session, a resolution to the effect that these Boards should be altogether abolished had been tabled. Luckily enough, that resolution was lost and it was clear that public opinion was in favour of district boards being kept on. But if they should function efficiently, the Government should find out ways and means of improving their income. Levying this special cess was one of such ways. By levying the cess and making the district board administration more efficient, the non-officials would be paving the way for further privileges. It should be remembered that after all, the income from the special levy would be utilised for the benefit of only those who paid it.

For these reasons, the member supported the amendment.

Mr. D. VENKATARAMANAPPA said that every one was agreed about the necessity to amend Section 68 (4) of the District Boards Act, so that the Railway Cess funds could be utilised for annual repairs of roads; and that the opposition was directed only against the proposed amendment to Section 69. It was natural for people to oppose any and every proposal to add to the existing taxation. But it had to be remembered that Government were going to enforce the power of imposing a special cess only in the case of those district boards whose finances were unsatisfactory, so that the district boards would be enabled to function better. He therefore supported the principles of the bill under discussion.

Mr. K. L. NANJAPPA NADIG pointed out that the two previous speakers who had supported the bill were residents of urban areas and had no first-hand knowledge of rural conditions. People in rural areas were unable to pay even the existing taxes, and adding to their burden even to a small extent would mean nothing but misery to them. At the same time, it was true that some of the district boards were not well off and could not maintain their roads well. In such cases, he said that the remedy lay in the Government meeting the cost of repairs out of their petrol tax revenue. But if this was not possible and additional taxation was going to be insisted upon, then the speaker would suggest that the district boards themselves be abolished and taluk boards be revived instead, the maintenance of all provincial and district fund roads being taken over by the Government. In any case, the member was strongly opposed to the levy of the special cess in question.

The PRESIDENT observed that feeling in the British Indian provinces seemed to be in favour of abolition of district boards and allocation of their resources among the various village panchayats.

Messrs. K. L. NANJAPPA NADIG and **C. V. RAMAN** however adhered to their opinion as already expressed.

Mr. Rayara KEMPANNA endorsed the view of the British Indian legislatures, as mentioned by the President, and represented that the raiyats were already paying several kinds of taxes and cesses but that they were not receiving an adequate return from them. Facilities like education, communications, etc., were badly lacking in the villages. He therefore supported the suggestion in favour of abolishing district boards and re-allocating the resources among village panchayats. If this was done and even if only 25 per cent of the revenues collected in each area was utilised for the benefit of that

area, the progress of all the villages could be assured at least to some extent.

Mr. H. K. MADIAH reminded the House that he had all along been advocating the abolition of district boards. They, he said, had been given a fair enough trial all these years but had proved wanting in several respects. Even if the special cess under discussion was levied, he had his own misgivings about the ability of district boards to maintain the roads properly. He was convinced that the generality of the raiyats would prefer rural administration being entrusted to official rather than to non-official agencies. If this was done and a special cess was levied as proposed, the Government could make use of the collections for the satisfactory maintenance of roads.

Mr. G. MALLANNA explained that the railway cess was intended for extending railway facilities in the districts and it was to be abolished when no longer necessary. Because in certain districts no new works were taken up, funds began to accumulate, with the result that it was now proposed to utilise them for annual repairs of roads. If the division of funds was agreed to, he was afraid that the cess would become a permanent feature and it would become difficult to abolish it later on even if any district board wanted to do so. It was true that most district boards were not well off, but the reason for it lay in the fact that Government were insisting on compulsory contributions from these bodies for various extraneous purposes like maintenance of dispensaries, maintenance of trunk roads, etc. At that rate, the district boards could never be well off even after levying the cess in question. The object of proposing the levy of a special cess was to improve the resources of district boards. This, he thought, should be done not by adding to their existing burdens but by equalizing taxation as between the urban and the rural parts and giving relief to the latter to the extent possible.

Mr. Khaji SYED YUSUF SAHIB explained that it was the duty of every district board to provide certain necessary amenities to the people within their jurisdiction. And for doing so, no doubt, it needed funds. But forgetting its duties and responsibilities, almost every district board was found to be developing a tendency to over-estimate its income and send up schemes to Government for sanction on the basis of inflated receipts. Naturally therefore before the year was out, it would find itself unable to make both ends meet. In such cases, the Government should refuse sanction to schemes which were beyond the means of the district boards concerned. If this was done, the boards themselves would be compelled to devise ways and means of improving their finances and balancing their budgets. But this question of improving the resources was essentially one which should be left to the local bodies concerned. The speaker did not agree to the principle of Government themselves compelling them to levy special cesses. He also added that people in rural parts were feeling that most of the taxes they paid were benefiting only the urban population and that for this reason, they were not willing to subject themselves to any further taxation. On these grounds, he opposed the bill.

Mr. B. L. HUTCHAPPA represented that due to a series of bad years, the villagers were finding it exceedingly difficult to pay even the existing panchayat taxes, so that these taxes had fallen into heavy arrear. Even during the current year, the monsoon had set in rather late so that there was little hope of a good crop being realized. In such circumstances, it was necessary for the Government to see that the tax burden of the villagers was not added to. On the other hand, he said they must give liberal grants to local bodies.

Mr. SHER KHAN said that he had been a member of the Shimoga District Board for the past 15 years and that he could say from personal experience that the financial position of district boards was far from satisfactory; so much so, every time any improvement was suggested by the members at board meetings, the plea of lack of funds was being put forward. It was a fact that the boards were not able to maintain even the existing roads in good condition,

much less to open new roads. And even without taking up such original works, they were not able to balance their annual budgets. The remedy for the existing state of affairs lay, the member thought, either in abolishing the district boards altogether or in the Government finding some new resources to enable the boards to function efficiently. The former was not a desirable step. Thus, he had no doubt that the bill under discussion deserved to be welcomed as it would enable the district boards to improve their resources.

Continuing, the member stated that he did not agree with the remark of some of the previous speakers that the Government were not rendering adequate financial assistance to the district boards. Only recently the Government had shown several concessions to them by way of reducing (1) tools and plant charges from 18 per cent to 12 per cent, (2) giving special grants from the irrigation cess collections for road repairs, (3) opening more and more primary schools, and (4) undertaking the maintenance of provincial roads lying within the limits of local bodies. For all these concessions the boards had every reason to be grateful to the Government.

Mr. J. ASWATHANARAYANA RAO, who spoke next, referred to the proposed amendment to Section 69 and explained that the Kolar District Board had been urging on the Government for several years past the question of abolishing the railway cess. The Government had replied on previous occasions that the cess collections could be applied for other purposes like education, etc. In that hope the people were continuing to pay the cess. But, now, in accordance with the amendment under discussion, the railway cess as such would become a permanent levy and all possibilities of its abolition would be shut out. Secondly, the District Board of Kolar had spent about Rs. 90,000 on laying out new roads. This expenditure had been objected to by the Government as being opposed to rules and it was ordered that the amount should be paid back from normal revenues. Recently, the Board had come to know that the Government had ordered subsequently that the amount should be recouped out of the annual income from the railway. The result was that the Board would have no funds at all either for road maintenance or for taking up any new schemes during the next few years.

As regards the next amendment to Section 86, the member pointed out that several of the earlier speakers had opposed it in spite of the observation of the District Board Finance Committee that most of these local bodies were incurring expenditure far in excess of their income and that it was incumbent upon them to devise fresh sources of revenue. Some of the members had gone the length of advocating the abolition of district boards altogether. Personally, he was inclined to support this view. If this view was accepted and district boards were replaced by taluk boards, the functions at present discharged by the former could well be distributed as between the taluk boards and the village panchayats.

There was no consistency or continuity of policy on the part of district boards at present, and because of that, the interests of the villages were suffering. Besides, the Government could not go on financing these bodies year after year. At the same time, the rural population could not bear any additional taxation. Considering all these factors, he said that the remedy lay in the abolition of district boards and substituting less costly organizations in the form of taluk boards.. In this view, he urged that the bill need not be pressed by the Government.

Mr. K. MARULAPPA had no objection to the abolition of district boards, if, at least in that way, the hard-hit raiyats could be saved from further taxation such as that proposed in the bill under discussion.

Mr. Bhupalam CHANDRASEKHARAIYA reminded the House that only at the previous session of the Assembly the question of replacing the district boards by taluk boards had come up for serious consideration and that it was thrown out by a small majority. No doubt, in certain respects, taluk boards would be more useful to the people than the

district boards. At the same time, he could not minimise the importance of a district board in dealing with matters of common concern to the district as a whole. For example, the construction of a bridge over a river was a matter which no taluk board could undertake and successfully carry out. But a district board could well do it if only each of the concerned taluk boards was prepared to contribute a quota of the cost. District boards were thus necessary organizations. If, however, they were abolished, the member suggested the organization, as an experimental measure, of a fresh board for each district consisting of all the presidents of taluk boards and a few district officers specially for dealing with larger questions and questions of common concern to the district as a whole.

In regard to the proposed levy of a special cess, he said that it would not be supported by anybody and that it might not be prudent for the Government to press the matter at a time like the present.

Mr. S. RAMAPPA remarked that there was no necessity for the amending bill, even if it aimed at improving the financial resources of district boards. This object, he said, could be achieved better by giving effect to all the recommendations of the District Board Finance Committee. The Government had passed orders only on a few of their recommendations, leaving aside suggestions like transferring of travellers' bungalows, raising contributions from municipalities on account of the maintenance of district board dispensaries from one-third to one-half, reducing the tools and plant charges, waiving the levy of 15 per cent on account of collections made by the Government on behalf of the district boards, instead of merely reducing it to 10 per cent, etc. If all those recommendations were agreed to by the Government, the financial position of district boards would improve and their budgets could be easily balanced. He therefore urged on the Government to consider that question sympathetically instead of taking power to impose additional taxation straightaway.

In this connection, the member brought to notice that the total mileage of the roads which district boards were at present expected to maintain—which after all was an optional duty—was too much for them. The Kolar District Board, for example, had to spend about Rs. 50,000 on this item alone. Consequently, they had not enough money for spending on obligatory items. He therefore prayed that Government might bear some reasonable portion of the cost of road maintenance. Finally, he suggested that the Village Panchayat Act might be so amended as to make it obligatory on the part of each panchayat to contribute about 5 per cent of its income towards the district board funds. This would also tend to improve the district board finances.

As regards abolition of district boards, the member did not favour the proposal as it was very necessary in his opinion to have a common organization for considering questions of common concern to the district as a whole.

Mr. V. VENKATASWAMI CHETTY did not agree with those who contended that the present time was not opportune for the levy of any additional cess. So long as there was reason to support such a step, the authorities need not hesitate to impose additional taxation whenever necessary. So far as the Kolar District was concerned, people were already paying the railway cess and the special levy proposed to be levied would only be in lieu thereof, so that no hardship would be caused to any one as a result of the amendment under discussion being passed.

The SECOND MEMBER (Mr. K. V. Anantaraman) observed that in some districts, railway cess was not being levied at present, and members objecting to the proposed amendment were apparently thinking of such cases.

Mr. V. VENKATASWAMI CHETTY thought that when Government had passed orders to the effect that even in cases where railway cess was already being collected, it might be abolished if the levy of a special cess was agreed to, it naturally implied that any district would be subject to the levy of only one of the two cesses under reference,

so that nobody could have any grievance.

Mr. K. V. ANANTARAMAN pointed out that the Tumkur District Board, for example, had been permitted to levy a special cess in lieu of railway cess.

Messrs. B. SITHARAMIAH and H. KRISHNAMURTHY ACHAR were of opinion that railway cess must be abolished without any special cess taking its place. In this view, they strongly opposed the proposed amendment.

Mr. MAYI GOWDA said that Government should consider the economic condition of the people before thinking of imposing additional taxation on them. They were faced with severe economic depression and as such no new levy should be agreed to.

As regards the financial position of district boards, he admitted that the funds at their disposal were too meagre to admit of all the demands made on them being satisfied. But replacing them by taluk boards would in no wise improve matters. The best way of improving the situation would be by giving some special financial aid to the district boards. At present these bodies had been entrusted with many heavy responsibilities, but the Government were not contributing any considerable part of the cost. Even for execution of bigger projects like construction of bridges, they were sanctioning only a half of the cost. Seeing that the bulk of the revenues realised within the limits of district boards also was going to the coffers of the State and seeing also that the duties and responsibilities of the Boards needed large funds for their fulfilment, the member felt that Government must contribute two-thirds of the cost of all public works, leaving only the balance to be met by the local bodies themselves. The Government should also exercise strict supervision over the expenditure programme of these district boards so that the budgets of the boards would be balanced in all cases.

Mr. S. C. MALLIAH said that there would be no opposition to the first portion of the bill, *viz.*, taking power to utilise the railway cess collections for ordinary repairs of roads. He, however, had strong objection to the second part, *viz.*, vesting the Government with the power to require district boards to impose a special cess. The speaker wondered why the Government should take such an unpopular step without even consulting the district boards.

Mr. K. V. ANANTARAMAN explained that it had to be done in view of the unsatisfactory position of the finances of several of the boards. Some of them were heavily indebted to the extent of Rs. 60,000 and Rs. 70,000 which they could not repay. Retrenchment of expenditure was found to be impossible. Government had been sanctioning fresh over-drafts now and then. Such a state of affairs could not long be tolerated in the interests of the district boards themselves.

Mr. S. C. MALLIAH said that in such bad cases, it would be better to leave the district boards free to levy whatever cesses they might wish to, holding them responsible for balancing their budgets. He felt strongly that Government should not compel them to levy new taxes.

Mr. K. V. ANANTARAMAN explained that if, for example, a district board was unable to disburse its establishment charges or to keep the hospitals functioning, no Government could sit with folded hands. Government would only be too glad if their interference was not called for in such matters.

Mr. S. C. MALLIAH said that there were elected Presidents and elected members to look after the affairs of all the boards; and if they failed to make proper use of their opportunities and fell short of expectations, the district boards concerned might as well be superseded. But the Government need not however expose themselves to the odium of compulsorily levying additional taxes.

Mr. K. V. ANANTARAMAN observed that funds would be required for meeting the necessary charges even after a district board was superseded.

Mr. S. C. MALLIAH replied that the nature of the case would then be quite different. But so long as a district board was functioning as a local

self-government institution, he would certainly object to two agencies being at work, *viz.*, Government levying the cess and the local body making the collection. Secondly, the point had been clearly made out that the people were not in a position to pay and the present was not the proper time for the Government to impose additional burdens. Even if such imposition was found inevitable, the proper way of doing it would be for the Government to consult he district boards as to how they proposed to meet the situation. make them propose the cess and then sanction it.

Mr. S. VENKATASWAMI GOWDA also opposed the principle in the bill relating to the levy of a special cess for road repairs. The average rate of dry assessment in the Kolar District had been fixed as high as Rs. 2-12-0. When they were all along praying for its reduction, Government were proposing to add to the burden of the raiyat. He pointed out that the present Dewan, during all the 13 years of his regime, had earned the reputation of having converted even barren tracts into fertile lands. He was responsible for several irrigation projects which had brought under cultivation:

50,000	acres	under the	Irwin Canal area;
10,000	,,	,,	Marconahalli Project;
7,000	,,	,,	Anjanapur Reservoir;
9,000	,,	,,	Vani Vilas Sagara;
6,000	,,	,,	Bhadra Right Channel;
3,000	,,	,,	Kamasamudra.

The speaker's point in detailing these items was that a Government which could find the money for undertaking such huge projects should not plead lack of funds for such a necessary item as the development of rural communications. If the improvement of roads should imply the imposition of extra taxation, the rural population would much rather go without the roads themselves; for, so miserable was the condition of the people. Partly for this very reason and partly on account of the failure of crops, Government had recently sanctioned remissions of assessment in the Kolar District So soon after that, to impose an additional cess would be anything but just. At the same time, the fact remained that the district boards needed immediate attention. The member therefore prayed that Government might kindly sanction a special grant for road works so that the existing difficulty might be got over.

Mr. DONDE GOWDA was also strongly opposed to the levy of any special cess. He stated that the question of levying a special cess had come up before the Hassan District Board recently and that the board which did not agree to the levy, however, undertook to make alternative proposals for finding funds. He had no doubt that other district boards also would do likewise.

Mr. K. V. ANANTARAMAN, speaking on behalf of Government, explained that there were two points involved in the bill under reference. The first was that in the case of works constructed with the help of railway cess collections, their maintenance also might have a claim on the same funds. About that, he would only say that there were several works which had been executed with the help of railway cess collections and if the district boards were not allowed to utilise the cess for maintenance purposes, the works themselves would deteriorate. So, at the instance of several district boards, in order to empower Government to divert the cess collections, this amendment had been brought up, and he was glad that several members had spoken in favour of it.

Mr. G. MALLANNA enquired whether the levy of railway cess would not become a permanent feature if once the income from it was allowed to be used for maintenance purposes. All these years, the people were paying it in the belief that it was only a temporary levy.

Mr. K. V. ANANTARAMAN explained that for that very reason, several of the works were not at present being maintained properly, but that hereafter the people could be sure that the works would be maintained satisfactorily. What was more, some of the local bodies themselves wanted this fund to be diverted for such a purpose.

Referring to the second point in the bill, he said that the financial condition of some of the district boards was deplorable. And in order to devise

ways and means of improving the position, a special committee was constituted by the Government. The proposal to levy a special cess was based on the recommendation of that committee. But as the district boards somehow did not agree to the levy, the Government had to take power to enforce it. This provision in the bill had to be applied particularly to two district boards which had a liability of about a lakh of rupees each, to Government, and which were not in a position to meet the liability. In spite of such a helpless position, they had launched on costly programmes like digging wells, opening dispensaries, establishing schools, starting maternity homes, appointing midwives, etc., without any regard to the means at their disposal. As against that, certain district boards were unable to take up very necessary items of work. The people of Kikkeri in Krishnarajapet Taluk, for example, had long been agitating for a dispensary; and though the Government were prepared to pay their share of the cost, the district board was not in a position to pay its quota. No doubt, it was easy to supersede a district board on the ground of its helpless state. But no good would accrue from it. If at all, the liability of Government would increase and yet nobody would profit by it.

Proceeding, he referred to the probable unpreparedness on the part of some of the previous speakers to court unpopularity by supporting the proposal to levy an additional cess. He explained, for the information of such members, that this levy would be enforced only in the case of those district boards the finances of which could not be put into order in any other way. But generally speaking, he assured the House that the mere passing of the amending bill in question would not necessarily mean that the special cess was going to be imposed in all places or that it would be done all at once.

Some members had appealed for some special concession to be extended in favour of the district boards by way, for example, of enhancing the existing quota of Government for the maintenance of dispensaries and transferring the management of travellers' bungalows to the charge of the boards concerned. These questions were already under examination, and members might rest assured that Government would view them with sympathy. But the main point for consideration at present was that the financial position of district boards in certain cases stood in need of improvement, and Government felt called upon to take steps calculated to help these boards to function better at least in the future. It was only to achieve this end that the amendment had been proposed. It was certainly not the object of the Government to prejudice the interests of local self-government institutions. That was why Government had no hesitation in giving the House the assurance that they would very carefully consider in which cases and to what extent the new provision should be enforced.

Continuing, **Mr. ANANTARAMAN** referred to the statement made by Mr. Donde Gowda that the Hassan District Board had already considered this question and expressed itself against it, but that that Board was prepared to offer certain alternative suggestions calculated to improve its finances. Some of the members from Kolar and Tumkur did not want the railway cess, but they were prepared for the levy of a special cess in lieu thereof. If any such proposal in a concrete form were made by the district boards, Government would give their sympathetic consideration to them. But if the liabilities of district boards remained undischarged and ways and means were not devised to balance the budgets, Government would necessarily have to step in and take special measures such as the one proposed in the bill.

In conclusion, **the MEMBER of COUNCIL** observed that the power which Government proposed to take by means of the amendment under discussion was in no way larger than some other powers which Government already possessed, as, for example, the power to supersede the district boards under certain circumstances.

Messrs. Y. V. MUNISWAMI IYER and **HUSSEIN ALI BEIG** suggested that

consideration of the bill might be deferred for the present and brought up in the following year.

Mr. D. VENKATARAMANAPPA, on the other hand, urged that it be put to vote, so that all the discussion which had so far taken place might not be a waste.

The bill was put to vote and declared lost, only 13 voting for and the rest of the House against.

The House then adjourned for lunch and reassembled at 4 p.m.

III. General Principles of the Bill to amend the Mysore Town Municipalities Act, 1933.

The SECRETARY to GOVERNMENT, LAW DEPARTMENT (Mr. C. Subrahmanya Aiyar) explained the general principles of the bill as follows:—

Section 85 of the Mysore Town Municipalities Act, 1933, is somewhat ambiguous and appears to admit of the interpretation that possession of an article liable to octroi is punishable if octroi is not paid on it, whether or not the article is one for the sale of which a licence is required to be obtained.

The object of this section is to punish as offences—

(*a*) the selling without a licence, and

(*b*) the possession without payment of octroi,

of articles which are liable to octroi and for the sale of which a licence is required to be obtained.

It is, therefore, proposed to amend the section to make the meaning clear.

Mr. B. CHAMAIYA spoke in favour of the general principles and said that the amendment was very necessary in the interests of the revenue of many of the Town Municipalities.

Mr. Ballam SRINIVASA RAO also supported the general principles of the bill, but he represented that it was desirable to exempt, from the payment of octroi, articles brought within the municipality by the growers themselves for their own consumption.

Mr. C. SUBRAHMANYA AIYAR stated that in the case of such articles refunds might be claimed.

Mr. Ballam SRINIVASA RAO said that such a procedure would involve unnecessary inconvenience to the parties and that therefore exemption should be specifically provided for. He also added that even in cases where articles were first brought into municipalities as for consumption by the producers themselves, but subsequently sold, exemption should similarly be provided for.

Mr. C. SUBRAHMANYA AIYAR replied that in such cases also exemption might be secured, but that the amendment under discussion related not to all cases but only to those articles which were specifically declared as being liable to octroi.

Mr. S. SITHARAMIAH suggested that a similar amendment should be effected in the Minor Municipalities Act also.

Messrs. K. VENKATARAMIAH and **MAYI GOWDA** supported this view.

The SECOND MEMBER of COUNCIL (Mr. K. V. Anantaraman) stated that that question might be separately considered.

Mr. D. VENKATARAMANAPPA was of the opinion that the City Municipalities Act also might be amended on lines similar to those under discussion.

The PRESIDENT replied that the suggestion might be considered.

The general principles of the bill were then put to vote and passed unanimously.

IV. General Principles of the Bill further to amend the Mysore City Municipalities Act, 1933.

The SECRETARY to GOVERNMENT, LAW DEPARTMENT (Mr. C. Subrahmanya Aiyar) explained the general principles of the bill as follows:—

The existing wording of Section 90 of the Mysore City Municipalities Act, 1933, appears to be ambiguous and to admit of the interpretation that the possession of an article liable to octroi on which octroi has not been paid is punishable even though a licence may not be required for its sale.

The object of the section is to punish as offences the selling without a licence of any article which is liable to octroi and for the sale of which a licence is required to be obtained, and also the possession without payment of octroi of any article which is liable to octroi and for the sale of which a licence is required.

In order to make this section clear, it is proposed to amend the section.

The general principles of the bill were adopted without discussion.

V. General Principles of the Bill further to amend the Mysore Income-Tax Act, 1923.

The SECRETARY to GOVERNMENT, FINANCIAL DEPARTMENT (Mr. A. N. Raghavachar) explained the general principles of the bill as follows:—

At present, the rate of income-tax in respect of individuals, unregistered firms, etc., getting an income of Rs. 50,000 or upwards, and in the case of companies and registered firms in receipt of income not below Rs. 2,400, is 18 pies in the rupee. In British India the corresponding rates are two annas and one pie in the case of individuals, etc., with a total income of Rs. 40,000 or upwards but less than Rs. 1,00,000 and two annas and two pies in the rupee in the case of individuals, etc., whose total income is Rs. 1,00,000 or upwards and in the case of companies and registered firms whatever their total income.

The anticipations on which this year's budget was based are likely to be upset by the war and it has become necessary to supplement the income by increasing the rates of taxation in regard to certain classes of income. It is accordingly proposed to enhance the rates of income in the case of individuals, etc., getting a total income of Rs. 75,000 or upwards, and in the case of companies and registered firms in receipt of income of not less than Rs. 2,400 from 18 pies to 24 pies in the rupee. Even this enhanced rate compares favourably with the corresponding rates of British India as can be seen from the figures given above.

The proposed bill gives effect to the increased rates of the income-tax coming into force from the 1st July 1940.

Mr. Shampur PAPANNA supported the amendment in general, but he was not in favour of unregistered companies doing small-scale business also being subjected to the enhanced rates. He also suggested that the point must be clarified as to whether a few individuals or members of a Hindu undivided family doing business together would be treated as individuals or as an unregistered company for purposes of the proposed amendment.

Mr. C. SUBRAHMANYA AIYAR replied that the amendment under discussion related purely to revision of the rates, and not to parties subject to taxation.

Mr. Shampur PAPANNA stated that under the British Indian Act unregistered firms had been exempted in certain cases and that the same concession should be extended to similar firms in Mysore also.

Mr. C. SUBRAHMANYA AIYAR replied that the rates at present prevailing would continue to apply in the case of unregistered firms.

Mr. M. SUBBIAH agreed that this should be so. He added that the number of small joint-stock companies doing business in Mysore was very large and that enhancing the rate of tax from 18 to 24 pies would cause hardship to all such companies.

Mr. C. SUBRAHMANYA AIYAR explained that as regards the shareholders in such companies, they could obtain refunds subsequently.

Mr. M. SUBBIAH then said that the joint-stock companies referred to were at present ear-marking a very small percentage of their profits towards the reserve fund, whereas in future they would be compelled to set apart as much as 20 per cent of their profits. Consequently a good part of the profits could not be utilised for purposes like declaring dividends. If in addition to this the companies were also made to pay a very high rate of tax, he feared that a good many of such firms would have to go into liquidation.

Mr. C. SUBRAHMANYA AIYAR replied that smaller companies were obtaining refunds without any difficulty.

Mr. M. SUBBIAH feared that the same might not be possible in future.

Mr. L. VEMA REDDY observed that it was a well-known principle of taxation that all those earning large profits whether individuals or firms—ought to forego a portion of such profits for the benefit of the poorer classes. Bearing this principle in mind, he could not appreciate the view-point of members who seemed to be opposed to the amendment under discussion.

Mr. Bhupalam R. CHANDRASEKHARAYYA said that he would have no objection to the Income-tax Act being amended as proposed, provided such amendment would remain in force merely as a war-time measure. But if the idea of the Government was to enhance the rates as a permanent measure, then he was afraid that he could not support the bill.

With regard to the merits of the amendment he said that even granting that this was designed to be in force only for a short time as a war-time measure, the Government should bear in mind that the war had already adversely affected both firms and individual businessmen. He instanced the case of a sudden fall in the price of arecanut as soon as it was reported in the papers that a submarine was sighted at the Cochin harbour. This was due to the fact that dealers in Cochin feared that normal business might not be carried on if the effects of the war were felt directly in India also. Such being the case, if income-tax rates also were enhanced, business firms and individual businessmen would be doubly hit.

Again, the amendment under discussion proposed to apply only one rate of tax to a very wide range of incomes, from Rs. 2,400 right up to Rs. 75,000. Personally he felt that it would be more reasonable to stipulate a certain rate in the case of incomes of Rs. 10,000 or less and a higher rate for incomes exceeding Rs. 10,000.

Mr. B. L. HUTCHAPPA was of opinion that 18 pies would be too high a rate in the case of small joint-stock companies which were already made to forego the benefit of 20 per cent of their profits on account of another law according to which they had to set apart the said portion of profits towards reserves.

Mr. A. N. RAGHAVACHAR informed the House that Government would consider the desirability of continuing the 18-pies rate for companies whose profits were less than Rs. 4,800.

Mr. K. LAKSHMINARAYANA RAO observed that so long as the same rate of tax was applied to a wide range of profits, the principle of super-tax would be sacrificed. In other words, he was in favour of a regular schedule of rates being defined for different grades of incomes.

The SECOND MEMBER (Mr. K. V. Anantaraman) replied that super-tax was based upon a different principle altogether. He added that in view of the discussions as above, companies and registered firms in receipt of incomes up to Rs. 4,800 would be exempted from payment of the enhanced rate of 24 pies.

The general principles of the bill were then put to vote and passed unanimously.

VI. General Principles of the Mysore Sales of Motor Spirit Taxation Bill.

The SECRETARY to GOVERNMENT, FINANCIAL DEPARTMENT (Mr. A. N. Raghavachar) explained the general principles of the Bill as follows:—

The object of this Bill is o levy a tax on all retail sales of Motor Spirit in the State. It is proposed to levy the tax on a gallonage basis at one anna per gallon or at such other rate as may be fixed by the Government by notification in the official *Gazette*. The tax need be paid only once.

Provision has been made for the compulsory registration of all dealers and retail dealers in motor spirit. No one can sell in retail motor spirit unless he is registered as a retail dealer. Monthly returns are required from the retail dealers. The tax is to be paid before the submission of the return, and

evidence of payment is to accompany the return. Power has been taken to determine the tax in cases where an incorrect or incomplete return or no return is submitted. In default of payment of the tax, it may be collected as an arrear of land revenue. An alternative method of collecting the tax from the wholesale dealer himself where he consents to the adoption of that course is also provided for. Dealers other than retail dealers have also to submit returns for facilitating the check of accounts of the retail dealers.

Power has been taken to inspect accounts and stocks of motor spirit. Provision is made for appeals against orders of the Deputy Commissioner or other executive officers of Government.

The Bill follows in the main the Madras Sales of Motor Spirit Taxation Act, 1939.

Mr. C. V. RAMAN was of opinion that there was no need to tax motor spirit sales in Mysore. It might be that such a tax was in force in the Madras Presidency for some time past, but that might be justified in view of the prohibition campaign introduced there.

The PRESIDENT informed the House that there was no idea of giving immediate effect to the proposed bill even if it became law, and that Government were only proposing the taxation with a view to avail themselves of it if and when it became necessary to do so.

Mr. Y. V. MUNISWAMI IYER said that he would have no objection to the proposed taxation if Government would give him an assurance that motor spirit available in Mysore—which included a mixture of power alchohol supplied by the Mysore Sugar Distillery—would not give less mileage than pure motor spirit which was sold elsewhere.

The FIRST MEMBER (Rajamantrapravina N. Madhava Rau) replied that his own experience and that of some other motor car owners was that the mixture referred to was giving better mileage than pure petrol. It might be that the owner thought that the mixture gave less mileage. But the merits of the mixture could not be judged so soon. He would therefore request Mr. Y. V. Muniswami Iyer to wait for some more time.

As regards the bill under discussion, he said that, as already stated by the Dewan-President, the House might have the assurance that motor spirit was not going to be taxed immediately simply because the House had approved of the general principles of the Bill. Government would certainly study the rates and also the circumstances of the situation and avail themselves of the measure when it became necessary for them to do so. Government were fully aware that the price of petrol was high enough already and it was not their intention to increase it if they could help it.

The general principles of the bill were then put to vote and passed unanimously.

REPRESENTATIONS.

No. 1.—Abolition of the posts of the Deputy Director of Public Instruction and the Personal Assistant to the Deputy Commissioner, Mysore.

Messrs. B. CHAMAIAH, and SIVANANJE GOWDA (Seringapatam Taluk) and **M. SUBBIAH** (Seringapatam Municipality).

Mr. M. SUBBIAH moved the representation. In doing so, he reminded the Government of several representations having been made in the Assembly by different members to the effect that a re-distribution of districts should be effected with a view to reducing their number from 8 to 6. It was a matter for disappointment to some of the members who now found that the Government, instead of reducing the number of districts, had added one to the list by constituting Mandya into a new district. The only object underlying the representations in favour of a re-distribution of districts was retrenchment. It was with the same object that the present representation also was brought up, *viz*, that it was unnecessary to keep on the appointments of the Deputy Directors of Public Instruction and the Personal Assistant to the Deputy Commissioner of Mysore. So far as Primary Education was concerned, the School Boards were already in charge